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HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

10 July 1990

*RHH
10/7*

Dear Ben

BROADCASTING BILL : NETWORKING

Thank you for your letter of 27 June.

*AAP
2/11*

The Home Secretary was grateful for the views of the Secretary of State for Trade and Industry. He notes that officials of our two Departments are currently discussing with OFT the details of the networking provisions to be included in the Broadcasting Bill, and the concerns which OFT have in relation to the current proposals of the ITV Association for a new networking arrangement designed to run for the remainder of the present franchise period, which might also be capable of being rolled forward into the new licence round. The Home Secretary is confident that the various concerns expressed in your letter about the role of OFT in relation to networking will be satisfactorily resolved as a result of these discussions.

As to the particular points you raise about the nature of the competition test to be applied by OFT, I confirm that we now envisage a wider test of the kind currently being discussed between officials. Our concern hitherto, which was reflected in the terms of the Home Office press release to which you refer, and the Home Secretary's letter of 27 June to Sir Gordon Borrie, has simply been that OFT should not be required to consider whether networking per se was a fair or competitive practice, or whether the existence of a Channel 3 network in itself raised competition issues as regards the Channel's position vis a vis other broadcasters. But subject

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to these points we accept that OFT should not be required to adopt any artificially constrained approach to their consideration of competition issues in relation to networking.

As regards the point in your final paragraph, the Home Secretary agrees that if the ITC were to decide to issue guidance to licensees about networking, they should be required first to consult the Director General of Fair Trading, and take into account any views which he might express. There would of course be no statutory requirement for the ITC to issue such guidance, but they might wish to do so on a purely illustrative basis, in which case the consultation requirement would be triggered.

I am copying this letter to Barry Potter (No 10), the Private Secretaries of other members of MISC 128, Jim Gallagher (Scottish Office), Steven Leach (NIO), Sonia Phippard (Cabinet Office) and Martin Howe (OFT).

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MS S J DENT

